File No. 220/29

19

Collection No. 11

Office of the Resident in Mysore, Bangalore

Pros. Serial Nos.

Subject.

Non residents – Temporary loading – Assessment of

Previous References.

Later References.

38/18 (pl. 258-260(4))

S.N.1 From the Central Board of Revenue, No.631(i)-~~XXXX~~ I.T. 29
dated 11-729

1

Draft submitted.

C.V. Ramanathan
30.7.29

S.N.2. Issued. No.6681, dated the 3rd August, 1929.

S.N.3. From the Assistant Commissioner of Income-tax, C. & M. Station, Bangalore, No.6681, dated the 14th August, 1929.

2

A reply to S.N.1 may perhaps be given in terms of the p.u.c. Draft submitted for approval.

C.V. Ramanathan
31.8.29

As amended.

Secretary

S.N.4 Issued No. 7922, dated the 17th September, 1929.

C.No. 531(i) I.T./29.

Central Board of Revenue.

Simla, the 11th July 1929.

From

V.S. Sundaram, Esquire,

Secretary, Central Board of Revenue;

To

The Secretary to the Resident
and Commissioner of Income tax,
Civil and Military Station,
Bangalore.

Sir,

Non-residents- Temporary trading -
Assessment of.

The Board has had under consideration the question of the assessment of non-residents who trade temporarily in British India. There are several types of cases with which it is not possible to deal effectively under the Income tax Act, such as (among others)

(i) Forest leases (I.E for the cutting and sale of timber etc.) for a year which are taken by non-residents (e.g. from Indian States and Nepal). These leases often begin after one monsoon and end before the next;

(ii) those of temporary syndicates formed to work liquor shops, especially in Burma where the syndicates are usually of Chinese, many of whom may leave the country before the time for assessment arrives and who in any case usually cannot be traced at that time;

(iii) those of foreign touring entertainment companies,

(iv) those of commercial travellers who bring samples to India and sell them.

2. The matter was considered at the Conference of

(P) S.No. 2609 / 38-1918

Commissioners of Income-tax in 1924, but no effective solution of the difficulty was discovered and the point was noted for consideration on some future occasion, such as a general revision of the Income-tax Act (vide Board's Circular No. 3750, dated the 25th August 1924).

3. The case of tramp steamers, in which a similar principle is involved, was dealt with by an amendment of the Act in 1923. The Board is of opinion that if there is to be effective taxation in the cases mentioned above, some similar provision is necessary. In the case of persons who have contracts and the like for a year, the matter is fairly simple as it will merely be necessary to provide that where a person is conducting a business, profession or vocation which in the opinion of the Income-tax Officer, is not likely to last for more than one year, the Income-tax Officer may call for a return of the income, profits and gains which are likely to be received and may frame an assessment thereon, subject to the right of the assessee to claim an adjustment in the following year. The case of foreign touring companies will be more difficult as it would obviously cause much unnecessary harassment to demand returns of income at every place which they may visit during their tour. Such companies are also few and the revenue involved is so small that it appears hardly necessary to undertake any steps to assess them. The provision suggested above would actually cover such cases, but its application would have to be carefully controlled by instructions from the Board, in order to avoid the harassment mentioned if it is decided to assess them. To deal effectively with commercial travellers who sell their samples in India, it would be necessary to invoke the help of Collectors of Customs, as the commercial travellers either pay customs duty or give security for its pay-

ment on entering British India and on their departure receive a refund in full or have their security discharged (if they come from a country that has adhered to the International Convention for the Simplification of Custom Formalities) or, otherwise, can claim a drawback of seven-eighths of the duty, in every case with reference to samples not sold. It would be necessary in their case to provide for

(i) disclosure by the Collector of Customs to the local Commissioner of Income-tax of the fact of the payment of customs duty which was expected to be the subject of refund or drawback, or of the security of such payment by bond, and of the name of the traveller in question;

(ii) refusal to grant a refund or drawback of customs duty on a commercial traveller's samples or to discharge the bond that he may have given unless a certificate (or receipt) regarding the payment of income-tax were produced.

It is, of course, obvious that if a commercial traveller sold all his samples, he might easily leave without paying anything, but such instances would, it is thought, be rare.

4. Before proceeding further in this matter, the Board will be glad to have your views on the suggestions made above, especially as regards the difficulties which you anticipate in this connection. The Board would also be glad if, so far as you can, you would furnish an estimate of the revenue likely to be obtained.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary, Central Board of Revenue.

J.N.
13.7.

[E.O. 106 (a).]

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 3- 8- 1929

No. 6681 Enclos. 1

A copy of the marginally* noted letter, ~~with enclosure~~, is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore, for favour of his views on the suggestions ~~xxx~~ contained in the letter.

C*No. 531 (i) I.T./29

dated the 11th July, 1929

from the Central Board of Revenue

Secretary to the Resident.

1212—16-8-1929—5,000—RPB.

RVA 30.7.29

3

No. Ro. No. 6681.

Office of the
Collector and Assistant Commissioner of Income-tax,
Civil and Military Station, Bangalore,

Dated the 14th August *192* 9.

FROM
G. H. Cooke, Esq., M.C., I.C.S.,
COLLECTOR AND ASST. COMMR. OF INCOME-TAX,
CIVIL AND MILITARY STATION,
Bangalore. 21/8/29

RESIDENT'S OFFICE,
BANGALORE.
Registered No. 8824
Date of Receipt 16/8/29
220
29

To

The Secretary to the Resident
and Commissioner of Income-tax,
Civil & Military Station, Bangalore.

S. 8. 2 (H)

Subject.— Non-residents - Temporary trading - assessment of -
Your No.6681/220-29 dated the 3rd August 1929.

SIR,

S. 8. 1 (K)

I have the honour to state that no cases of the type mentioned in No.(i) of Para 1 of letter C.No.531 (1)I.T./29 dated 11-7-1929 from the Secretary, Central Board of Revenue, exist here, and that no difficulty has been experienced in dealing with cases of the kind mentioned in No.II as all the members of temporary syndicates formed to work liquor shops are Indians. As regards assessment of foreign touring companies I agree with the Board that the trouble taken to assess these companies may not be commensurate with the revenue likely to be derived thereby, and that no steps are therefore called for. So far as the assessment of commercial travellers is concerned, the procedure outlined in the Board's Circular will undoubtedly facilitate the work of the Income-tax Officer, though in a station like Bangalore the revenue to be obtained from such a source will be inconsiderable.

I have the honour to be,
Sir,
Your most obedient servant,

14.8.29

Collector and Asst. Commr.
of Income-tax.

KMP.

14.8.29

No. 7922
220/1929.

From

Major G. Loch,
SECRETARY TO THE RESIDENT IN MYSORE &
COMMISSIONER OF INCOME-TAX.

To

The Secretary,

Central Board of Revenue.

Bangalore, the 17th Septr., 1929.

ASSESSMENT OF NON-RESIDENTS — TEMPORARY TRADING.

Sir,

I have the honour to refer to your letter No.C.531(i)I.T/29, dated the 11th July, 1929, regarding the assessment of non-residents who trade temporarily in India.

S.N.I

2. No cases of the type mentioned in (i) of paragraph 1 of your letter exist in the Civil and Military Station of Bangalore, and no difficulty has been experienced in dealing with cases of the kind mentioned in (ii), as all the members of temporary syndicates formed to work liquor shops are Indians.

3. I agree with the Board that the trouble taken to assess touring companies may not be commensurate with the revenue likely to be derived thereby, and that no steps to do so are therefore called for.

4. The procedure in regard to the assessment of commercial travellers outlined in your letter will no doubt facilitate the wor of the Income-tax Officer, though in a station like Bangalore, the revenue to be obtained from such a source will be inconsiderable.

I have the honour to be,
Sir,
Your most obedient servant,

for

Major.
SECRETARY TO THE RESIDENT
and
COMMISSIONER OF INCOME-TAX.